



Health Insurance Reform and the Option of Establishing an Insurance Exchange in Illinois
Comments to the Health Care Reform Implementation Council
December 3, 2010


Thank you for the opportunity to comment on implementation of health care reform in Illinois. Health Alliance applauds the State of Illinois for pursuing establishment of a state-based health insurance exchange. Establishing an exchange within an existing state agency or as a quasi-governmental board or commission makes the most sense for providing flexibility in meeting the unique needs of Illinois citizens and businesses. Additionally, cost-efficiencies gained by using existing governance structures could become critical when state exchanges must be financially self-sustaining in 2015. We also believe residents and businesses of Illinois would be best served by a governing body with representation from all stakeholders—consumers, agents and brokers, business, insurance, health care providers and regulators. We do not believe the governing body should operate as a separate insurance regulator but rather within the existing regulatory framework of the Illinois Department of Insurance.

With respect to the value of maintaining dual markets inside and outside the exchange, we refer to the goals of the Affordable Care Act (ACA) for guidance. Accessibility, affordability and choice cannot be increased without maintaining an external insurance market. The exchange will bring more standardization of benefits and greater transparency in price, but a strong external market is the place where innovation will be fostered. Building the capacity to administer plans for over 1.5 million uninsured individuals and small employers forced to shift from the external market would be challenging for an exchange-only marketplace.

An exchange that contracts with all qualified health plans will provide the mechanisms necessary for plans to compete on price, access and service. Limiting the number of carriers and plans offered in the exchange does not serve consumers' desire for choice.

Ensuring quality in the exchange will be paramount, and it is fortunate that many quality standards for health plans have been established by highly respected organizations such as the National Committee for Quality Assurance and URAC. Combining these standards with the existing regulatory requirements for financial stability would create a strong platform for identifying qualified health plans to be offered in the exchange.

Consideration should be given to operating one exchange to serve both the individual and small group markets to minimize overhead and create economies of scale. However, there should be separate risk pools for the individual and small group markets. Another opportunity for administrative simplification is to continue defining small groups as 2-50 employees. Aligning with the current definition in Illinois would allow for consistency both inside and outside of the exchange. Employees of small groups have long relied on their employers for assistance and expertise in selecting health coverage. The Small business Health care Options Program (SHOP) should be designed as not to supplant the existing employer/employee relationship.



Expanding access to health insurance for a large number of health care consumers who have little or no experience with insurance and whose primary point of access to health care has been emergency rooms will present challenges for an exchange. We believe a successful exchange implementation must include outreach and education for these new participants. Relying on a call center and website for instruction and information will not be sufficient, and underestimating this need could lead to higher health care costs for all, threatening the sustainability of an exchange.

There are many issues and questions that must be addressed in developing a plan for an Illinois insurance exchange that supports a healthy insurance marketplace, fosters innovation, encourages competition, ensures quality and affordability, provides transparency and consumer choice within a context of fiscal responsibility. Given the importance of each of these components, it would seem most prudent to get the input of all stakeholders before decisions are made. We trust that the work groups to be established will be inclusive to make certain no constituency's needs are overlooked and all are balanced. We look forward to being a part of this open and transparent process.



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